

Develop Israel with Israel Bonds

MARGINAL COLUMN
By S. BEN SHIMON

It is a rewarding experience to stroll through the streets of Jerusalem these days, watching the crowds cluster round public loudspeakers and snatching the latest editions from the hands of screaming newsmen. It is a long time since one has seen so many happy shining eyes. Elation over the rapid progress of a victorious army is, of course, a common human sentiment. "The boys" going from strength to strength inevitably become the object of warm affection the world over. But in our case this affection has a special quality.

I vividly recollect the thrill we used to get, as Jewish youngsters in a gentle world, from Truman, Eisenhower and Kennedy's letters and diaries. His articles accounts of fighting around Tel Hai — and what pathetically primitive fighting it was by modern standards — struck a deep chord in our young hearts: they opened up vistas of courage and dignity which seemed in these days to be beyond the reach of the ordinary Jew. No wonder that Zahal has since made a profound impact not only on Israelis, but probably even more so on Jews abroad. There were a good many unfamiliar sights which impressed us in Israel in the early days: the Jewish navy straining his muscles, the Jewish farmer wielding his pitchfork, the Tel Aviv traffic policeman, billboards plastered with cinematic announcements in the language of the Bible, we have long ceased to notice them. But nothing ever moved us so profoundly as the Jewish parade on Independence Day — and this deep impression has not worn thin.

By any standard this army of ours is outstanding. It is not only a military force, but an army of our own people, the rank and file which arouses our admiration. After all, stamina, courage and selflessness are qualities which we have come to take for granted in a Jewish youth. He who knows what he is fighting for will naturally have a deadly risk. But what seems even more remarkable than the "unknown soldier" in the "unknown place" who, one wonders, are these brilliant young men who, within the span of a decade, have built up a military machine of undisciplined excellence practically from scratch, against all manner of odds, with no tradition to fall back on? No one, save the initiated, seem to know that they appear to have sprung up overnight from nowhere.

When one considers that it took the Prussian Army, a full two generations to get organized, one can only marvel at our own comparatively young generals. The technical competence which they have displayed is nothing short of astounding. The complexity of their job is rarely appreciated by the outsider. Planning and organization are of such decisive importance in modern warfare that physical courage almost pales into insignificance in comparison. It is here that intellectual prowess comes into its own, and we may congratulate ourselves on not being lacking in this quality.

There is a highly encouraging aspect of all this. During recent years we have heard many justified complaints about avoidable shortcomings in other departments of our public life, notably in the economic and political spheres. It is now becoming clear what should have been obvious all along, namely, that our brains had to be assigned to the defence of the State. But once true peace is ours, the whole picture will change. We will then be free to devote our intellectual reserves to peaceful pursuits. It is in times like these that the full measure of a nation's potentialities comes to light. We are entitled to face the future with confidence.

Jerusalem, November 4.

Hungary Cut Off As Red Army Takes Over

VIENNA, Monday. — Hungary remained hermetically sealed off from the outside world for the second day in succession as complete Russian military dictatorship, ship clamped down on the country, and troops sealed the last escape route into Austria.

Telephone, telegraph and radio communications were interrupted, train services were suspended and the border was closed. However, Russian troops which had yesterday moved right up to the Austrian frontier, pulled back about half a kilometre from the border this morning.

The only news outlet from Hungary is the Communist controlled Budapest Radio, which transmitted a proclamation by the Russian giving freedom fighters up to 6 p.m. to lay down their arms, after which they would be tried by court-martial. An appeal by the Russian giving freedom fighters up to 6 p.m. to lay down their arms, after which they would be tried by court-martial. An appeal by the Russian giving freedom fighters up to 6 p.m. to lay down their arms, after which they would be tried by court-martial.

SECURITY COUNCIL CALLED AGAIN

NEW YORK, Monday (Reuters). — The U.N. Security Council was called into session at 8 p.m. tonight (3 a.m. Israel time) at the Soviet's request to discuss the hostilities in Egypt.

This was the fourth step in a series of efforts to bring the issue back into the U.N. It followed the action by Soviet Foreign Minister Shepilov in sending a note to the President of the Security Council stating that Russia was a champion of the peace and security of nations, and for the immediate calling of the Council.

The Soviet Government suggested a draft resolution by the Security Council which "proposes to the Governments of Britain, France and Israel, immediately, but not later than 24 hours after the receipt of the present decision, to cease all military operations against Egypt and to withdraw, within three days, the forces which have invaded the territory of Egypt."

U.S. Election Campaign Ends; Voting Today

WASHINGTON, Monday (UP). — The 1960 election campaign drew to a close today with President Eisenhower concerned with the critical world situation and Mr. Adlai Stevenson accusing the Republican Administration of being responsible for the crisis.

Mr. Eisenhower wound up his re-election campaign by receiving a first hand report from Vice President Richard Nixon on the outlook for the Republicans. Mr. Nixon returned to Washington yesterday.

BULLETIN: Russia Warns

MOSCOW, Monday (Reuters). — Russia today warned Britain and France that she was "full of determination to crush aggression and establish peace in the Middle East" together with other members of the United Nations.

The warning was contained in messages from Marshal Bulganin to Sir Anthony Eden and M. Guy Mollet delivered to the British and French embassies.

The message asked what could be the position of the two countries if they were attacked "by a more powerful state possessing all the means of modern destructive weapons." He added the warning that "such weapons could be delivered not by means of naval and air forces but by rocket techniques."

ISRAEL ASKS U.N. FIVE QUESTIONS

Israel has asked the U.N. for clarification of the Assembly resolution calling for a cease-fire.

A communique issued in Jerusalem yesterday said that in response to a communication received on Sunday night from the U.N. Secretary-General regarding the resolution adopted on Sunday by the General Assembly, Foreign Minister Golda Meir addressed to the Secretary-General the following five questions on which immediate clarification was sought:

1) Is there clear and unequivocal agreement on the part of the Government of Egypt to the establishment of the Egyptian Republic — by means of the dismantling of naval, air, land and military formations, volunteers, instructors, military material and other kinds of aid, if Britain, France and Israel do not carry out in the stated time the present resolution.

Port Said Surrenders; Russia Proposes Joint Naval Force with U.S. to Aid Egypt

Action Asked in Few Hours

The despatch of a United Nations backed joint U.S.S.R. and U.S. naval force to the Mediterranean as a "sure guarantee" to stop the aggression against Egypt, was suggested by the Soviet Premier, Nikhail Bulganin, in a letter to President Eisenhower yesterday.

U.S. Fleet Said Israel Air Troops Open Gulf Drive

WASHINGTON, Monday (UPI). — Reliable Government sources predicted today that the U.S. will move to the middle of the week to join the U.N. Middle East police force with the participation of the U.S. Sixth Fleet.

It was said that the U.S. would join with Britain and France to some degree in the operation which will open the Gulf of Akaba to Israeli shipping. The operation was announced yesterday.

Meir Sees Nicholls On 'Withdrawal'

The Foreign Minister, Mrs. Golda Meir, yesterday met the British Ambassador, Sir John Nicholls, at her request. It is understood that she discussed with him the Foreign Office statement concerning the withdrawal of British troops from the Sinai Peninsula.

Baghdad Pact States Air M.E. Situation

TEHRAN, Monday (UPI). — The Baghdad Pact states today opened a meeting of the Baghdad pact countries, with the exception of Britain, to discuss the Middle East.

M.P.'s Ask B.G. for Assurances

Six Labour members of Parliament yesterday called to Prime Minister David Ben-Gurion asking for assurances that the objectives of the Israel action in Suez is "limited to the elimination of centres of Egyptian banditism and has no association with the Anglo-French move into Suez."

PARATROOPS SWOOP ON CANAL ZONE

Swift action initiated by British and French paratroops who took off from airfields in Cyprus early yesterday morning brought about the swift collapse of Egyptian resistance at the northern end of the Canal zone.

U.K., France Plan To Go on Till U.N. Acts

By GEORGE LINTHORN. — The French and British operations are to proceed as planned pending a political settlement. This is the inference drawn by qualified diplomatic observers from today's British reply to the United Nations.

The scale of the military operations may, however, depend on the developments at the U.N. The possibility of "token landings" was certainly discussed by the British and French Ministers yesterday following earlier rumours in Paris that the Eden Government was weakening under the pressure of an unparalleled political storm at home and abroad.

The impression now is that the operation are partly intended to give Canadian diplomacy an opportunity of producing an international police force along lines acceptable to Britain, France and Israel.

Cairo Still Says Egypt Controls All Suez

Abdul Nasser visited resistance points in Ismailia on Sunday, the eve of the Anglo-French landing, according to an announcement made public by the Egyptian Embassy in Bonn. Nasser, accompanied by several of his chief aides, met the army commanders on the spot and returned to Cairo yesterday.

Cairo Radio, resuming its transmission on a different wave length after an absence of three days, flatly denied that Port Said had surrendered.

On the contrary, the radio said, Egyptian forces were in complete control in the Port Said area. The attack on the British paratroops was not a surprise, but a pre-arranged move to lure the British paratroops into a trap. The radio admitted, however, that French troops were in control of the nearby Port Fuad area.

MINE KILLS FIVE NEAR GAZA STRIP

ASHKELOH, Monday. — Five men were killed this morning near Sderot on the Gaza Strip, when their car hit a mine. The killed are: Tourjama, N. Yitzhak, N. Avraham Yitzhak, Halim Sderot, and a settler from Havat Tzim.

Four of the victims were buried this evening in the presence of residents of Sderot and Army officers. The fifth victim has not yet been buried. (Papyrus — Page 3)



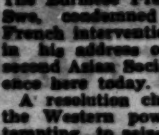
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Economic News from Abroad

Khrushchev's Eastern Forthright

Russia reports on the completion of Khrushchev's giant land reclamation scheme. While originally the current five year plan set a target of 100,000 acres to be reclaimed by 1962, 120,000 acres were reclaimed this year, most of them in Kazakhstan, West Siberia and other areas.

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THE war's first week brought Israel more glory, trophies and conquests than all the Liberation campaigns of 1948 and at an incomparably lesser price in blood. Small wonder that the Jewish sector, caught unaware by these events did not react with any alarm or signs of panic. When mobilization first became apparent, some withdrawal of bank deposits took place, but this tapered off rapidly as encouraging news arrived from the front, and the total amount drawn was astonishingly small.

On the stock exchange, too, fluctuations were modest; the black market rates for gold and dollar transfers remained well below previous levels, and have since dropped further. In the wholesale trade there were few speculative purchases due to the prevailing credit shortage. On the retail level they did not go beyond a temporary rush for food products. However, most goods remained plentiful supply - in spite of occasional hitches, mainly resulting from transport difficulties - and instances of profiteering were relatively few. It was not even necessary to impose price controls, and for the time being we are enjoying the advantages of a war waged (and won) with the economy almost on a peace-time footing.

Obviously, such a situation cannot exist for long. Even if the armed conflict is largely over, the political tension in the area will probably necessitate the maintenance of considerable armaments contingents for a long time to come, while in the newly won areas in the south, forces will have to remain stationed for security reasons. A considerable portion of the country's manpower - particularly the skilled sector of it - as well as of some important material resources (e.g. motor vehicles) will therefore remain outside the production process.

On the other hand, military requirements are bound to increase consumption of many goods and State expenditure has already soared well beyond the current revenue level. It is not only upkeep and operations of the army that involve a large expenditure, but also the maintenance of the soldiers' families, in addition to this will certainly come a spate of emergency expenditures (largely of a non-productive nature) in the occupied region.

Thus the familiar pattern of an inflationary development emerges - as a matter of fact, in many countries it is regarded as an inevitable concomitant of war. Currency in circulation has jumped to IL235m, compared with IL220m. a month ago and IL182m. at the end of December last. This trend is likely to gather momentum. Orthodox economists would regard such prospect as a grim but inevitable way to impose hardships on the population at large and thus reduce ordinary national consumption, thereby diverting means and resources for the war effort. This might be done at a cost of social inequities, some speculative speculations of the national production, and an eventual devaluation of the currency. Under the circumstances prevailing in this country, however, it is rather doubtful whether such a financial policy would achieve its main objective (i.e. a cut in the people's standard of living) because for most consumers the rise in prices will be more or less compensated by the increase in co.I allowances. If this previous guarantee of the wage-earner's peace-time well-being is not abolished - as it is not likely to be - in the new future, the rise in prices will be more or less compensated by the increase in co.I allowances. If this previous guarantee of the wage-earner's peace-time well-being is not abolished - as it is not likely to be - in the new future, the rise in prices will be more or less compensated by the increase in co.I allowances.

Development in the Negev

By Our Economic Editor

PEOPLE are still thinking of the Negev in terms of "Conquest of the Desert," while settlement authorities are busy preparing for the coming winter. During the last two years, new settlements were established mainly in the Lachish and Tzfat regions, but development of the area has not proceeded at a rapid pace. Almost all vacant farms have been reseeded, new equipment added and the area of irrigated land considerably expanded. As a matter of fact, irrigation has been installed in about 70 per cent of the area in the existing farms. Most of the water used is from the Negev aquifer, but this, too, will be greatly improved when the Yarkon pipeline starts functioning at full capacity and the second pipeline is added in the future. All this only means that Negev farms will more or less live up to the quota set for them years ago by the Agricultural Development Plan, but the facts, too, are formidable enough.

By 1960 - in only four years' time - the Negev is estimated to supply, apart from bread grains and fodder crops, over 25,000 tons of potatoes (one quarter of the country's total), 17,000 tons of sweet potatoes (many times the present crop), 20,000 tons of vegetables (mainly onions and autumn tomatoes), 50,000 tons of sugar beet (compared with the country's total of 30,000 tons last year), 5,000 tons of groundnuts (one third of the present total), 1,300 tons of cotton (last year's total crop was 2,200 tons), 5,000 tons of wine grapes (40 per cent of the present crop), 17.5m. litres of cow and ewe milk.

These quantities will certainly go far towards increasing the region's as well as the country's real income. But they will also set a number of serious problems mainly with regard to storing, processing, and marketing the additional products. And though the crops have not yet been produced, the problems have to be tackled immediately if the region's economic development is to be ready in time, and the spectacle of the Afeka sugar factory is not to be repeated on a larger scale. As a matter of fact, the above figures will not be reached overnight, and some facilities will have to be provided at a much earlier date. Indeed, we are not far from the stage when the Negev will be a major food producer for the country.

On the other hand, there is a tendency to establish the industry on a co-operative basis by placing the ownership in the hands of bodies set up by the local settlers, possibly with the participation of the Histadrut or the Jewish Agency or both. The settlement of the Negev is a task of considerable magnitude and complexity. Some mixed forms of ownership and joint management may eventually evolve.

However, one thing appears certain: the veteran bodies that do the marketing, storing and processing of the bulk of agricultural products for the established farms - Tnuva and Hamashbir - are not expected to play any major part in the Negev region. As a matter of fact, both are looked upon with distrust and charged with incompetence and technical skill if the capital is to be put to good use. According to plans which are now crystallizing, the region's industrial centre is to be established in Ofekim where - in addition to the gin - the proposed sugar factory, the winery and the potato processing plant are to be situated, so as to serve as a nucleus for an urban population.

On-the-Spot Solution

The challenge must therefore be met on the spot. It is necessary to establish a gin in the Negev region. Already a beginning has been made by the Jewish Agency setting up a gin in Ofekim, which is completed in Ofekim at a cost of about IL10m. However, to erect all the other factories and processing plants, a considerable amount of initiative and technical skill if the capital is to be put to good use. According to plans which are now crystallizing, the region's industrial centre is to be established in Ofekim where - in addition to the gin - the proposed sugar factory, the winery and the potato processing plant are to be situated, so as to serve as a nucleus for an urban population.

Cinema's Decline

Cinema in Britain numbered 4,584 in 1950, but the number dropped by 101 by the end of 1955. Another 46 were closed in the first half of 1956, leaving the closure of 75 theatres in the next few months was announced by the Rank Organisation and of at least 25 by the A.B.C. circuit. Some 1,000 cinema seats will be closed during the next year, because of steadily rising costs and diminishing interest in the cinema. The industry is taxed away by the State. Since 1948 cinema attendance has dropped by almost 20 per cent, mainly due to the rise in the cost of television.

Arab Co-operatives

By GIDEON WEIGERT
THE incorporation of the Arab sector into Israel greatly enhances the problem of Jewish-Arab co-existence. The maintenance of the status quo in this field by the Histadrut and its various bodies. It is at this juncture that the Arab Workers and Farmers Fund, the Histadrut's main arm in the extension of co-operative movements in the Arab sector comes into the limelight. Meeting after meeting, the Fund was faced with the crucial question of whether the organization should continue to exist. Great efforts were made throughout the year by the Histadrut to create a mass Arab co-operative movement, but these efforts failed. Official figures of the Ministry of Labour's Co-operative Department show that the number of Histadrut-affiliated co-operative societies amounted to 54 in 1954, embracing tens of thousands of Arab workers and farmers. This year, the figure dropped to 34 with a membership not exceeding 1,000.

But if the Histadrut can be blamed for its failure to provide a permanent staff of instructors, it should be clear beyond doubt that the best guides and the largest financial assistance would have been in vain as long as the basic factor, that of co-operation on the part of the Arab workers and farmers themselves, was lacking. As long as they chose to be passive subjects rather than active participants, little could be done. What then is the fate of the Arab Workers and Farmers Fund with its membership of 4,500, a figure which has hardly grown in the last few years, and which is tiny compared to the total Arab population of 190,000? It has a capital of IL45,000 which has increased but slightly in recent years. Obviously, the Fund can hardly be saved from natural collapse or liquidation, but opinions as to the future among shareholders and members of the board of Directors attending the last annual meeting of the Fund were split.

The first viewpoint is that

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New Employment Law

By Our Economic Correspondent

A DRAFT law aiming at establishing an Employment Service which is to take the place of the existing labour exchange is to be introduced into the Knesset shortly. It seeks to abolish the existing labour exchanges run by the labour organizations in favour of a government service for controlling employment.

The Council which is to run the service is to be appointed by the Ministry of Labour after consultations with the Labour Committee of the Knesset and other bodies. On the Council will sit representatives of the government, the Labour organizations and the employers. This is an important innovation. Control of the Labour exchanges by labour organizations is a hangover from the past which has not changed with the changing economy.

A public service like a labour exchange should be run by the government and should include, besides the government, all the organizations which have a vital stake in the distribution of labour. As long as the employers were unable to impress on the officials of the exchanges their needs and their point of view, they complained that they were either unable to get the exchanges to send them suitable people for certain jobs or that it took them a long time and much exertion to persuade the exchanges that they could not accept a worker without the necessary qualifications for the work to be done. Once the employers join the exchanges and government control is guaranteed at least part of the difficulties should disappear.

The task of the proposed employment service is fourfold: it should compile data on the labour market and its activities - and this is the essential condition for a proper fulfillment of the second task - the basic task of the service, which is to help the unemployed find jobs and to distribute the available labour force between the different sectors offering employment. The fourth task of the service is to co-operate with other bodies in vocational training. As training of unskilled or half-skilled workers is one of our most urgent problems today and will be for years to come, it is appropriate that vocational training should always be in the minds of people running an employment service.

However, the draft law contains a prov' on which states that persons seeking employment in certain vocations or professions will be able to obtain employment only through the exchanges. The list of these vocations is not yet completed. On its composition depends much for the proper functioning of the exchanges.

The aim of this paragraph is obviously to make it easier for the Trade Unions to insist on employers taking in organized labour only. It is, however, highly questionable whether this goal should be achieved by legal restrictions for employers and employees. Our labour market does not suffer from anarchy or from too high a fluctuation of workers. On the contrary, though in a development country we should be interested in high mobility of labour, it is the rigidity of the labour market and the inflexibility of employers to dismiss workers together with the bad housing situation

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Stocks and Commodities

By Our Economic Correspondent

THE Anglo-French bombing of Egypt in addition to the beginning of the Israel invasion of Sinai caused the New York markets to drift lower with International Oil the main factor in the decline. The news of the beginning of military operations caused only a small reaction which, however, might have been the cause of profit taking after several weeks of rising prices in certain sections. This trend reversed quickly and a firm tone ruled throughout the market. This time even the very slight advance in oil prices has joined the list of advances, which especially featured the 3-linked bonds. The news about the beginning of military operations, Palestine Cold Storage and a number of other shares gained a few points.

On the "turb" the I.O.P. shares also fluctuated and after touching a low of approx. IL11.10 were quoted on Monday close at IL11.40. The 6 1/2% Local Authorities loan in the amount of IL7.5 million, the subscription for which was officially opened on October 28, was soon closed, as the entire issue was taken up.

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Calm Markets Turn Firm in Tel Aviv

By Our Economic Correspondent

THE Tel Aviv markets which only seldom respond to political developments, registered some fluctuations during the past week, but the reactions remained calm. The news of the beginning of military operations caused only a small reaction which, however, might have been the cause of profit taking after several weeks of rising prices in certain sections. This trend reversed quickly and a firm tone ruled throughout the market. This time even the very slight advance in oil prices has joined the list of advances, which especially featured the 3-linked bonds. The news about the beginning of military operations, Palestine Cold Storage and a number of other shares gained a few points.

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As at IL 12.34	IL	IL	IL	As at IL 12.34	IL	IL	IL
CAPITAL AND SURPLUS:				FIXED ASSETS:			
Share Capital:				Office in Co-operative Building in Jerusalem - at Cost	23,500		23,500
Authorized	1,000,000			Water Plant in Kfar Hess - at Cost	2,100		2,100
Issued and Fully Paid	668,500			Office Furniture and Fixtures - at Nominal Value	1		1
Founders' Shares of IL 1 each	100			Total Fixed Assets	25,601		25,601
Ordinary Shares of IL 1 each	668,500			INVESTMENTS - at Cost:			
Share Premium Account	973,982			Shares	15,000		15,000
General Reserve	181,544			Government of Israel Compulsory Loan, 1953	8,744		8,744
Profit and Loss Appropriation Account - Profit carried forward	50,700			Total Investments	23,744		23,744
Total Capital and Surplus	1,231,016			LOANS TO AGRICULTURAL SETTLEMENTS - (including Interest - IL 51,547)			
DEBITORS - Secured by a Floating Charge on the Assets of the Association (including Interest Accrued - IL 2,308)	1,054,900			Total Loans to Agricultural Settlements	6,232,440		4,192,820
Add - Receipts on Account of Debentures to be Issued	111,500			Debtors and Debt Balance	96,730		109,417
Total Debtors	1,166,400			Deposits in Bank - for Redemption of Debentures (F.V. cost) - in the name of Trustees	9,226		5,894
LOANS PAYABLE (including Interest Accrued - IL 2,600) - of this IL 93,340 secured by a Floating Charge on the Assets of the Association	1,177,121			Cash in Banks	115,801		129,962
CURRENT LIABILITIES AND PROVISIONS:				Prepaid Expenses - Rent, etc.	2,065		
Creditors and Credit Balance	97,720			Total Current Assets	24,793		23,229
Provision for Taxes	11,061			CONTRA ACCOUNT - Deposits, etc., registered jointly in the name of the Association and Borrowers:			
Provision for Sundry Purposes	7,500			Cash in Bank	5,519		
Total Current Liabilities and Provisions	116,281			Government of Israel Compulsory Loan, 1953 - at Cost	901		
INCOME IN ADVANCE - Interest, etc.	11,500				9,720		
CONTRA ACCOUNT - Settlers in Agricultural Settlements for their Deposits, etc. - do secure repayment of their debts due to the Association							
	4,089,890				6,621,977		4,089,890

Profit and Loss Appropriation Account to December 31, 1955

IL	IL	IL	IL
Dividends on Ordinary Shares for 1954 - Gross	24,719		
Gross 5% Tax on Dividends	1,236		
Provision for Taxes, Reserve, etc.	23,483		
Balance - Profit as at December 31, 1955 - carried to Balance Sheet	24,719		

REVENUE OFFICE
In our opinion, the accompanying Balance Sheet and the related Statement of Income and Profit & Loss for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Jerusalem, October 4, 1956